THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) The Gas Supply Master Agreement (GSMA) dated 12th January, 2006 signed by Reliance Industries Limited (RIL) with Reliance Natural Resources Limited (RNRL) is purely a private arrangement entered into between the two parties pursuant to a Scheme of Arrangement approved by the Bombay High Court. However, the Government received a proposal dated 14th April, 2006 seeking approval of the gas price of US $ 2.34 per MMBTU at the defined "Delivery Point" under the said GSMA. The proposal stated that the execution of GSM A was subject to satisfaction of number of conditions precedent including approval by the Government to the price. The approval was sought for the price which was to be used for cost recovery, profit sharing and all other purposes under the Production Sharing Contract (PSC).

The Government examined the proposal in the light of PSC provisions regarding valuation of gas, principles of arms length price, prevailing gas prices under other PSCs and did not agree to the proposal on the ground that price was not derived on competitive arms length principles and asked the contractor to send a revised proposal in accordance with PSC provisions. RIL submitted another application dated 18.5.2007 seeking approval to the price and the formula after having followed a bidding process, which was accepted by Empowered Group of Minister (EGOM) with slight modifications.

RIL had agreed to supply natural gas to RNRL from Block K.G-D-6, through this GSMA. The PSC for this Block has been signed by RIL with Government of India (GOI) and another company Niko Resources Limited (NRL) which holds ten (10) per cent participating interest'(PI) in this Block. Under the PSC, the Contractor has freedom to market the gas produced from the Block, subject to various provisions of the PSCA as per PSC, contractor is entitled to sell its participating share of gas in cost petroleum and profit petroleum. The government is entitled to received share in profit gas available after recovery of the Contract costs, correspoding to pre-defined Investment Multiple. The RIL's entitlement of gas can be known only after quantification of the costs of extraction and development. Hence, in the case of RIL *vs* RNRL, in order to protect the interests of the government and the public at large, the Government has filed an intervention application before the Hon'ble Mumbai High Court for vacating the present restraint on RIL on committing gas from KG-D6 Block to any third party (other RNRL and NTPC).

The Mumbai High Court had pronounced judgement on 15th October, 2007 in case of RIL *vs* RNRL and the two companies were given four months time to renegotiate, reconsider and settle afresh the terms of Gas Supply Agreement. Since there was no settlement, the Government considered it appropriate to intervene at expiry of this period in order to protect the interests of the Government and public at lar£,e, in terms of early.start of production from KG-D6 block, entitlement of Government share of gas and freedom to commit/sell gas to third parties other than RNRL and NTPC.

Supply of gas to NTPC

3070. SHRI AMAR SINGH;

SHRI ABU ASIM AZMI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that his Ministry has received any request from the Ministry of

Power in year 2005-06 to intervene in the matter of supply of natural gas by Reliance Industries Ltd. to NTPC's Kawas and Gandhar Plants;

if so, the details thereof;

whether his Ministry had responded to the Ministry of power citing that Government is not a party to the Gas Sales Agreement (GSA) and seller and buyer are free to agree upon term and conditions of GSA including all commercial terms; and

if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) Yes, Sir.

(b) to (d) It may be stated that provisions of Production Sharing Contract (PSC) do not normally provide for the Government to determine the outcome of commercial transaction between buyer and seller. However, a plaint has been field by NTPC against RIL before the Hon'ble High Court of Judicature, Bombay and the matter is subjudice.

Gas exploration by RIL

3071. SHRI JESUDASU SEELAM: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

whether the Reliance Industries Ltd. (RIL) has explored the gas in an exploration of acreage of the Andhra Coast, a region in which the company made the biggest gas find to 2002.

if so, whether in 2002 the company had found the world's biggest gas reserve from that year;

whether the RIL also strike gas and oil in the Cauvery basin and Gujarat; and

if so, what is the total gas and oil that would be obtained from Andhra Coast?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) Yes, Sir M/S RIL has made 25 discoveries of Hydrocarbons so far in the Krishna Godavari-Basin. Out of these, two discoveries namely Dhirubhai 1 and 3 have been estimated to be amongst the biggest gas discoveries of the world for the year 2002.

M/S RIL has made one discoovery namely Dhirubhai-35 in block CY-DWN-2001/2 in Cauvey basin deep water offshore area and two gas discoveries namely Dhirubhai 27 and Dhirubhai 33 in the block SR-OS-94/1 and GS-OSN-2000/1 respectively in Gujarat Saurashtra shallow water offshore area.

Natural Gas production of about 40 Million metric standard cubic metres per day (MMSCMD) is likely to commence by 3rd quarter of 2008 with peak production of up to 80 MMSCMD by 2011, from D-l and D-3 discoveries in block KG-DWN-98/3. Other discoveries are at different stages of delineation and appraisal.